

In the Matter of)
)
)
Over the Air Broadcast) MB Docket No. 04-210
Television Viewers)

Joint Comments

Frank Zappala of Zappala Consulting and Mona Wargo, Independent Research Analyst submit their joint comments in the above captioned proceeding.

BACKGROUND

While we both believe that the transition to digital television must proceed, how the process of transparency for the consumer to convert over from analog to digital has become a subject of much heated debate.

Since the Congress mandated the requirement of broadcasters to convert from analog to DTV by freeing up spectrum to create two paired channels to allow DTV to come to fruition, it has been difficult for the industry not only to agree on standards but to build out the signals. Market forces as they exist are insufficient to bring about the timely conversion to digital in TV. Not to mention, we the consumers on the end of the line converting our thousands of analog TV's to digital.

Whether that requires replacing them, or getting converter boxes, is in part the topic, we are discussing here. To illustrate we have noted some statistics.

Each household in America has 3 to 5 TV's.

- i. 99% of HH have TV
- ii. Avg. Sets Per HH – 2.24
- iii. 66% of HH have 3 or more
- iv. 56% of American HH pay for Cable

(Source: TV FreeAmerica-Washington, DC)

PROBLEMS:

If you take the average consumer, for example I (Mona Wargo) use myself. I have 3 TV's in my home, none of which are DTV ready and only one of which is connected to cable full basic television. How many of us are ready to scrap our decent analog sets to go out and buy a \$2,100 DTV. I for one am perfectly content using the analog until set top boxes are used or until the price of DTV sets comes down more significantly, as cellular phones did in the early '90s.

What other alternatives are there: How about computers? The majority of homes have computers, barely 1% of households have Digital 8 VSB tuners. If we use the PC in place of DTV TV sets, the PC offers at once a device that can be both a stand alone receiver and STB substitute.

I view DVD's from my laptop computer. Whether or not it would have enough capacity for video streaming would be a financial exploration. Many consumers have computers that are capable, many more than own DTV. The bottom line is, in any case this is going to cost the average consumer money for this digital transition.

Why however should it be the consumer that pays. What about industry cooperation to help offset some of the costs that we consumers may have to absorb.

While we understand that due to the Congressional mandate, broadcasters and competitive cable and DSB providers have had to provide a substantial upfront capital outlay. Therefore they see no reason why they shouldn't charge the consumer fees to recoup their investments. We propose some alternative methods to try and reach a more balanced medium for doing this. Methods that not only reduce consumer cost but reduce, further capital outlays by industries involved (cable, DBS and broadcasters).

POSSIBLE ALTERNATIVES

a. Television Broadcaster's Problem

i. TV needs to expand OTA capacity for delivery and leverage legacy analog TV's as well as capture the DTV monitors that have no 8-VSB tuners on board.

ii. TV also needs to capture the new receiverless sets that will be sold during the mandatory tuner transition period.

b. DBS Problem

- i. Local into Local will impose large infrastructure costs.
- ii. In many market the total number of stations will clog all too precious bandwidth.

2. The cooperative approach

a. There are synergies here

- i. DBS providers must install an antenna for all new subscribers.
- ii. A simple chip or software modification will make DBS receivers DBS/8VSB receivers.
- iii. Technology makes channel surfing from broadcast to satellite channels seamless.

b. A cooperative approach that will be transparent to the consumer and allow a shared cost approach for the DBS providers and TV Broadcasters.

- i. TV Broadcaster could contribute a fee to a fund administered by a joint broadcaster and DBS committee. A negotiated contribution would be made to the DBS provider/installer for each new or upgraded hook up that includes 8-VSB/DBS hybrid installs.
- ii. A contribution could also be made for each re-install that would add 8-VSB to existing subs.

3. This solution allows both parties to gain and both to share in the rewards and investment. The Bandwidth economies for DBS offer substantial upside revenue since this will be available for new paid service, PPV, and new programming options. TV broadcasters would have access to an installer base that is trained and experienced at market wide antenna installation, and propagation properties.

Government intervention:

1. Regulation: Receiver capability for all new TV's of any size should be a matter government requirement, and in fact if feasible should be

strengthened and accelerated.

2. Consumers should be confident that if they purchase any television set of any size, that it ought to function with any TV service without the need for external boxes. Satellite receivers may be an exception due to conditional access methodologies and antenna installation. This should be achieved by a plug in card as opposed to a STB.

3. Tax credits should be afforded to Cable companies who offer all full 19.4 Mbs of a Broadcaster's signal to pass to subscriber HHLDS under retransmission consent.

4. Cable companies should also get Tax Credits for installing an outside antenna for receiving all local DTV signals for any digital subscribers, as an alternative to providing locals on their wire. This would also require integration of an 8-VSB receiver in their STB if they require one for digital subs.

In conclusion: If the consumer is asked to convert from analog to digital, and the DBS and cable providers not to mention the broadcasters would like to keep us as consumers, there has to be a more balanced distribution of the cost incurred.